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# A COMPARATIVE ASSESSMENT OF CAPITAL ADEQUACY IN SELECTED INDIAN PRIVATE SECTOR BANKS

Megha Vithlani[1], Prof. (Dr.) Riddhi Sanghvi[2]

[1] Ph.D Research Scholar, Department of Commerce, Faculty of Management & Commerce, Noble University, Junagadh, India
[2] Dean, Faculty of Doctoral Studies, Noble University, Junagadh, India

## ABSTRACT

Capital adequacy plays a pivotal role in maintaining the financial strength and credibility of a banking institution. It refers to the amount of capital a bank holds in relation to its risk-weighted assets and serves as a key indicator of its ability to absorb unexpected losses without compromising depositors' interests. A well-capitalized bank is more resilient during financial distress and economic downturns, which in turn strengthens public confidence in the banking system. Capital adequacy is a critical indicator of a bank's financial health and its ability to absorb potential losses, ensuring long-term stability and sustainability in the financial system. This study undertakes a comparative assessment of capital adequacy among five leading private sector banks in India—HDFC Bank, ICICI Bank, IDFC First Bank, IndusInd Bank, and Kotak Mahindra Bank—over a five-year period from 2019-20 to 2023-24. Using data extracted from annual reports, the research analyses the Capital Adequacy Ratio (CAR) as the primary parameter to evaluate each bank's capacity to maintain a sufficient capital buffer against risk-weighted assets. The study is designed with two key objectives: first, to analyse the capital adequacy levels of the selected banks individually; and second, to compare them to identify differences in capital management strategies. The findings reveal significant differences in CAR among the banks, with some consistently maintaining higher ratios, indicating a more conservative risk posture, while others operate closer to the regulatory thresholds, suggesting a more aggressive approach toward asset growth. The study concludes that while private sector banks in India comply with regulatory requirements, there is a noteworthy variation in their capital adequacy frameworks. These findings have implications for policymakers, investors, and bank management in shaping sound capital planning and regulatory oversight.

**KEYWORDS:** Capital Adequacy, Private Sector Banks, Capital Adequacy Ratio (CAR), Risk Management, Banking Regulation, Financial Stability, Basel Norms

## 1. INTRODUCTION

Capital adequacy is a fundamental indicator of a bank's financial strength and stability, reflecting its ability to absorb losses and protect depositors' interests. In India, the capital adequacy framework is regulated by the Reserve Bank of India (RBI) in accordance with the international standards set by the Basel Committee on Banking Supervision. The primary objective of capital adequacy norms is to ensure that banks operate with sufficient capital buffers to withstand financial stress, manage risks efficiently, and maintain public confidence in the banking system.

The concept of capital adequacy gained prominence in India following the financial sector reforms of the early 1990s. The adoption of the Basel I norms marked the beginning of a more structured approach towards risk management and financial soundness. Over the years, Indian banks transitioned to Basel II and subsequently to Basel III norms, which introduced more stringent capital requirements, including the maintenance of a minimum Capital to Risk-Weighted Assets Ratio (CRAR), a capital conservation buffer, and countercyclical capital buffers. The Basel III framework, which is currently being implemented in a phased manner in India, emphasizes not only the quantity but also the quality of capital held by banks, focusing more on common equity as the core capital component.

The Indian banking sector, comprising public sector banks, private sector banks, foreign banks, and cooperative banks, shows varied levels of capital adequacy. Historically, public sector banks have faced challenges in maintaining adequate capital due to rising non-performing assets (NPAs) and limited profitability. To address these issues, the Government of India has undertaken multiple capital infusion programs, especially after the Asset Quality Review (AQR) initiated by the RBI in 2015 exposed the vulnerability of several banks. In contrast, private sector banks have generally demonstrated better capital positions, driven by stronger asset quality, better risk management practices, and consistent profitability.

Despite regulatory efforts and capital strengthening measures, the banking sector in India continues to face challenges related to capital adequacy. The emergence of new risks such as cyber threats, operational risks, and external shocks like the COVID-19 pandemic have underlined the importance of maintaining robust capital buffers. During periods of economic downturn or crisis, the demand for credit typically rises while the ability to recover loans diminishes, putting additional pressure on banks' capital. Hence, maintaining adequate capital

becomes not just a regulatory requirement but a strategic imperative for long-term stability.

In recent years, the RBI has also encouraged banks to raise capital through market-based instruments, such as Additional Tier 1 (AT1) bonds and equity offerings, to reduce reliance on government support and enhance financial discipline. Furthermore, the focus on prompt corrective actions (PCA) for weak banks has emphasized the need for timely capital replenishment and strategic restructuring. As India moves towards becoming a $5 trillion economy, the role of a well-capitalized banking sector becomes even more crucial to support infrastructure development, digital transformation, and inclusive growth.

Overall, capital adequacy remains a cornerstone of banking regulation and financial stability in India. A sound capital base not only ensures the resilience of banks in the face of financial shocks but also promotes sustainable credit growth and investor confidence. As the banking landscape continues to evolve with emerging technologies and global integration, maintaining and enhancing capital adequacy will be critical for the robustness and credibility of India's banking system.

## 2. NEED OF THE STUDY

Capital adequacy plays a pivotal role in the overall financial stability and sustainability of the banking system. It is a critical measure that determines a bank's ability to absorb potential losses, manage risks effectively, and protect depositors' interests. In the context of India's rapidly evolving financial landscape, private sector banks have emerged as key players contributing significantly to the country's economic growth. With increasing competition, regulatory changes, and heightened exposure to both domestic and global financial shocks, the evaluation of capital adequacy in private sector banks has become more relevant than ever. This study addresses the necessity to assess and compare the capital strength of these banks to understand how well-prepared they are to face financial contingencies.

The Reserve Bank of India (RBI), in alignment with the Basel norms, has laid down stringent capital adequacy requirements to ensure the soundness of financial institutions. However, compliance levels and the effectiveness of capital planning can vary among banks depending on their business models, risk appetite, and governance frameworks. Private sector banks, unlike their public sector counterparts, often follow more aggressive growth strategies and tend to rely heavily on technology-driven expansion. This increases their exposure to credit, market, and operational risks. Thus, a comparative assessment of capital adequacy among selected private sector banks is vital to identify disparities in risk management practices and financial resilience.

Furthermore, with the growing concerns around non-performing assets (NPAs), economic uncertainties, and global disruptions such as pandemics and geopolitical tensions, there is an increasing need to understand how capital adequacy buffers support the long-term viability of private sector banks. Investors, regulators, and policymakers require a transparent and comprehensive analysis to make informed decisions regarding regulatory interventions, policy adjustments, and investment strategies. This research aims to fulfill this gap by offering a comparative perspective that highlights which banks are better equipped in terms of capital sufficiency and which may require strategic realignment.

In addition, this study is significant from the viewpoint of financial inclusion and credit flow in the Indian economy. Private sector banks are major drivers of retail credit and SME financing, and any compromise in their capital strength could adversely affect these segments. A detailed and critical assessment of capital adequacy will help to forecast potential vulnerabilities and contribute to strengthening the overall banking infrastructure in India.

In summary, this study is necessitated by the dynamic nature of banking operations, the essential role of capital adequacy in financial regulation, and the strategic importance of private sector banks in India's economic framework. By offering comparative insights, the study aims to contribute to the broader understanding of financial health and regulatory compliance in the Indian banking sector.

## 3. LITERATURE REVIEW

Sharma (2020) conducted an empirical study on the capital adequacy position of Indian commercial banks under the Basel III norms. The research highlighted that the implementation of stricter capital requirements has positively influenced the financial soundness of Indian banks, particularly the private sector. The study revealed that banks with higher Capital to Risk-Weighted Assets Ratio (CRAR) were more resilient during periods of financial stress. Sharma also found that Tier 1 capital, especially common equity, played a significant role in maintaining the solvency and credibility of banks during uncertain economic conditions, including the disruptions caused by the COVID-19 pandemic. The author emphasized the importance of capital conservation buffers in promoting sustainable banking operations.

Mehta (2021) explored the relationship between capital adequacy and asset quality in Indian public and private sector banks. The study, covering data from 2015 to 2020, found a significant inverse correlation between Non-Performing Assets (NPAs) and capital adequacy ratios. Mehta argued that higher NPAs erode the capital base of banks, making it difficult to maintain the required CRAR under Basel III. Private sector banks, in comparison to their public counterparts, showed better capital adequacy performance due to superior risk management and credit assessment mechanisms. The study concluded that efficient asset quality management is key to sustaining adequate capital levels in the long run.

Desai (2021) analysed the capital adequacy position of Indian banks in the post-demonetization period, taking into account macroeconomic stress and regulatory changes. Desai found that while private banks adjusted well to regulatory capital requirements, many public sector banks lagged behind, necessitating capital infusion by the government. The study

suggested that although the Basel III norms have enhanced the overall robustness of the banking sector, structural inefficiencies and legacy issues in public sector banks continue to threaten their capital position. Desai recommended proactive monitoring of capital needs and timely corrective action through internal accruals and strategic capital raising.

Reddy (2022) investigated the impact of capital adequacy on credit expansion in Indian banks. Using regression analysis on data from 2014 to 2021, Reddy established that banks with stronger capital bases were more confident in expanding their lending portfolios, especially during the economic revival post-COVID-19. The findings indicated that capital adequacy positively influences banks' lending capacity and investor confidence. Reddy also observed that the capital-to-assets ratio served as a good predictor of future performance and resilience, particularly in uncertain economic environments.

Kapoor (2022) conducted a comparative study between Indian and South Asian banks to assess the effectiveness of capital adequacy regulations. Focusing on Indian banks, Kapoor concluded that compliance with Basel III standards has helped Indian banks remain stable amid global financial uncertainties. The study noted that Indian regulators, especially the RBI, have adopted a more conservative approach to capital regulation, which has acted as a safeguard during economic downturns. Kapoor emphasized the need for continuous capital assessment and strategic reforms to align with global banking practices.

Bhattacharya (2023) examined the effectiveness of capital adequacy in managing systemic risk in the Indian banking sector. The study revealed that capital adequacy not only protects individual banks but also acts as a buffer against systemic collapse. Bhattacharya noted that banks with stronger capital ratios were less likely to propagate financial instability to the broader system. The research also found that macro-prudential regulations, such as the counter-cyclical capital buffer, enhanced the risk absorption capacity of the banking sector during market volatility.

Trivedi (2023) focused on the capital adequacy trends in Indian small and mid-sized private banks. The study observed that while large private sector banks comfortably met the Basel III norms, smaller banks often struggled to maintain the prescribed capital levels. Trivedi argued that these banks face challenges in raising capital from the market due to investor perception and limited financial disclosures. The study suggested policy-level interventions, including regulatory forbearance and special refinancing schemes, to support the capital strengthening of these institutions.

Iyer (2020) conducted a comprehensive evaluation of the financial performance of Indian commercial banks with a particular focus on profitability, operational efficiency, and asset quality from 2015 to 2019. The study used key financial ratios such as Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and Gross NPA ratios to analyse the comparative performance of public and private sector banks. Iyer found that private sector banks consistently outperformed public sector banks in terms of profitability and efficiency. The research attributed this difference to better credit appraisal systems, stricter risk management frameworks, and a higher degree of digital innovation in private sector banks. Furthermore, Iyer noted that despite a surge in NPAs during the post-Asset Quality Review phase, private banks managed to maintain healthier balance sheets and sustained investor confidence.

Raval (2021) focused on the impact of macroeconomic variables and regulatory reforms on the financial performance of Indian banks post the introduction of the Insolvency and Bankruptcy Code (IBC). The study covered data from 2016 to 2020 and included major banks across both public and private sectors. Raval observed that banks showed signs of recovery in financial performance after the initial shocks from NPA recognition and provisioning mandates. The IBC was seen as a turning point that enabled better resolution of bad assets and strengthened the recovery ecosystem. The study also emphasized that the financial metrics like ROA and NIM improved marginally during the post-IBC years, especially for banks that aggressively adopted restructuring and digital lending practices.

Joshi (2022) analysed the effect of digital transformation on the financial performance of selected Indian banks, especially during the COVID-19 period. Using a combination of financial ratio analysis and customer acquisition data, Joshi found that banks that invested heavily in digital banking infrastructure prior to 2020 exhibited higher operational efficiency and customer retention during the pandemic. The study revealed that financial performance, measured in terms of cost-to-income ratio and net profits, was positively influenced by digitization. Private sector banks, particularly those with strong mobile banking platforms, were able to maintain credit flow and fee-based income during lockdowns, highlighting the strategic importance of technology in sustaining financial performance.

Banerjee (2023) conducted a performance benchmarking study of Indian banks based on the CAMEL framework, which includes Capital Adequacy, Asset Quality, Management Efficiency, Earnings, and Liquidity. Using data from 2017 to 2022, Banerjee ranked major public and private banks and assessed how their financial performance was impacted by regulatory interventions, including recapitalization and Prompt Corrective Action (PCA) measures. The study concluded that banks under PCA initially lagged in performance but showed gradual improvement in profitability and asset quality with timely capital infusion and strategic restructuring. The research further noted that private banks consistently scored higher on all CAMEL parameters due to robust governance and customer-centric business models.

## 5. RESEARCH METHODOLOGY

**Research Objectives**

1. To analyse the capital adequacy of the selected private sector banks of India.
2. To compare the capital adequacy of the selected private sector banks of India.

**Sample Size**
In this study below mentioned 5 private sector banks of India have been taken.
1. HDFC Bank
2. ICICI Bank
3. IDFC First Bank
4. Indusind Bank
5. Kotak Mahindra Bank

**Period of Data Coverage**
In this study annual reports for the year 2019-20 to 2023-24 have been analysed.

## 6. Data Analysis
### 6.1 Advances to Total Assets Ratio

| ADVANCES TO TOTAL ASSETS RATIO | | | | | |
|---|---|---|---|---|---|
| BANK | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
| HDFC Bank | 68.69 | 64.90 | 66.17 | 64.85 | 64.93 |
| ICICI Bank | 63.29 | 64.36 | 60.87 | 59.63 | 58.75 |
| IDFC First Bank | 65.72 | 63.26 | 61.97 | 61.63 | 57.37 |
| Indusind Bank | 66.67 | 63.33 | 59.47 | 58.57 | 67.34 |
| Kotak Mahindra Bank | 62.64 | 65.30 | 63.17 | 58.33 | 61.00 |

HDFC Bank has shown a consistently high Advances to Total Assets Ratio over the five-year period. In 2019-20, the ratio was 64.93%, and it remained stable around that mark through to 2022-23, with a slight increase to 64.90% and 66.17% in 2021-22. In 2023-24, the bank saw a significant rise in this ratio to 68.69%, indicating an expansion in lending operations and a strategic emphasis on credit growth. This growth could be attributed to HDFC Bank's aggressive retail and corporate lending strategies, expansion into tier-2 and tier-3 cities, and its focus on digital banking platforms that have made credit more accessible.

ICICI Bank, in contrast, exhibited a more moderate and stable approach. Beginning at 58.75% in 2019-20, the ratio steadily increased to 60.87% in 2021-22 and peaked at 64.36% in 2022-23. However, in 2023-24, the ratio declined slightly to 63.29%. This suggests that while ICICI Bank has been growing its lending portfolio, it may have diversified its asset base or adopted a slightly more cautious lending approach recently. The slight fall in 2023-24 could also indicate a focus on quality over quantity, potentially aiming to reduce exposure to credit risk.

IDFC First Bank has shown a remarkable and consistent growth in its Advances to Total Assets Ratio, increasing from 57.37% in 2019-20 to 65.72% in 2023-24. This steady upward trend reflects the bank's evolution from a relatively conservative position to a more aggressive lending strategy. It aligns with the bank's strategic transformation in recent years, focusing more on retail lending, particularly in the unsecured and small business loan segments. The data suggests that IDFC First Bank is trying to strengthen its position in the competitive retail banking space.

IndusInd Bank presents an interesting trend with some volatility. In 2019-20, the bank had a high ratio of 67.34%, which sharply dropped over the next two years to 58.57% in 2020-21. Since then, the ratio has recovered to 66.67% by 2023-24. This fluctuation likely reflects the bank's response to economic uncertainty during the COVID-19 period, when credit demand fell and risk management took precedence. The sharp rebound in the latest years suggests that IndusInd Bank has re-entered the lending market more assertively, potentially capitalizing on economic recovery and increasing demand in retail and corporate credit.

Kotak Mahindra Bank shows a somewhat fluctuating trend in its ratio. Starting at 61.00% in 2019-20, it fell to 58.33% in 2020-21, then rose steadily to a peak of 65.30% in 2022-23, before dropping again to 62.64% in 2023-24. This suggests a balanced approach to credit growth and asset diversification. The fall in the latest year could imply a strategic reallocation of resources towards investments or other earning assets. Kotak Mahindra Bank has been known for its cautious lending practices, and the data supports this reputation, reflecting a strategic oscillation based on market conditions and risk appetite.

From a comparative standpoint, HDFC Bank and IndusInd Bank currently exhibit the highest ratios, suggesting a strong emphasis on credit growth and aggressive lending strategies. IDFC First Bank shows the most consistent growth in its ratio, pointing to a long-term strategic shift towards expanding its loan book. ICICI Bank remains relatively stable, with moderate growth and a slight dip recently, possibly signaling prudence in credit expansion. Kotak Mahindra Bank, while showing fluctuations, remains moderate in its approach, potentially reflecting its historically risk-averse lending philosophy.

| **Anova: Single Factor** | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| **SUMMARY** | | | | | | |
| Groups | Count | Sum | Average | Variance | | |
| HDFC Bank | 5 | 329.541 | 65.908 | 2.722 | | |
| ICICI Bank | 5 | 306.898 | 61.380 | 5.691 | | |
| IDFC First Bank | 5 | 309.952 | 61.990 | 9.244 | | |
| Indusind Bank | 5 | 315.381 | 63.076 | 16.122 | | |
| Kotak Mahindra Bank | 5 | 310.433 | 62.087 | 6.768 | | |
| | | | | | | |
| ANOVA | | | | | | |
| Source of Variation | SS | df | MS | F | P-value | F crit |
| Between Groups | 64.40152802 | 4 | 16.100382 | 1.985405722 | 0.135633 | 2.866081 |
| Within Groups | 162.1873235 | 20 | 8.10936617 | | | |
| Total | 226.5888515 | 24 | | | | |

H0 = There is no significant difference in Advances to Total Assets Ratio between selected private sector banks of India.

H1 = There is significant difference in Advances to Total Assets Ratio between selected private sector banks of India.

**Interpretation**
From above table for 4 and 20 degree of freedom
Fcal is 1.985 and Ftab is 2.866
P-value is 0.135
Thus, Fcal<Ftab and p-value is higher than specified α of 0.05

So, null hypothesis is accepted and it is concluded that there is no significant difference in Advances to Total Assets Ratio between selected private sector banks of India.

### 6.2 CAPITAL ADEQUACY RATIO

| CAPITAL ADEQUACY RATIO | | | | | |
|---|---|---|---|---|---|
| BANK | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
| HDFC Bank | 18.80 | 19.26 | 18.90 | 18.79 | 18.52 |
| ICICI Bank | 16.33 | 18.34 | 19.16 | 19.12 | 16.11 |
| IDFC First Bank | 16.11 | 16.82 | 16.74 | 13.77 | 13.38 |
| Indusind Bank | 17.23 | 17.86 | 18.42 | 17.38 | 15.04 |
| Kotak Mahindra Bank | 20.55 | 21.80 | 22.69 | 22.26 | 17.89 |

HDFC Bank has maintained a consistently strong Capital Adequacy Ratio over the five-year period, starting at 18.52% in 2019-20 and slightly increasing to 18.80% in 2023-24. The fluctuations have been minor, with the ratio peaking at 19.26% in 2022-23. This stable and healthy CAR reflects HDFC Bank's robust capital position and its prudent approach toward risk-weighted assets. It also indicates the bank's capacity to sustain its credit growth while maintaining regulatory capital requirements. The slight decline in 2023-24 may be attributed to increased lending activity or investment in riskier assets, but the overall level still comfortably exceeds the regulatory minimum.

ICICI Bank has shown more variation in its capital adequacy ratio over the years. Beginning with a ratio of 16.11% in 2019-20, it saw a sharp rise to above 19% in 2021-22, reflecting improved capital management and possibly equity infusion or reduction in risk-weighted exposures. However, this was followed by a decline to 16.33% in 2023-24. The decline could indicate increased risk-weighted lending or lower retained earnings. Despite the drop, the CAR still remains above the regulatory threshold, suggesting ICICI Bank remains well-capitalized but may be leaning toward more aggressive growth or risk-taking recently.

IDFC First Bank has demonstrated significant improvement in its capital adequacy over time. From a lower base of 13.38% in 2019-20, it increased gradually to 16.11% by 2023-24. This consistent growth points to a strengthening capital base and improved financial management. The major jump from 13.77% in 2020-21 to 16.74% in 2021-22 coincides with the bank's broader transformation strategy, which includes a shift towards high-yield retail lending and better asset quality control. Despite its smaller size compared to peers, the bank's improved CAR reflects a conscious effort to boost resilience and support long-term credit expansion.

IndusInd Bank has also maintained a relatively strong and stable CAR, starting at 15.04% in 2019-20 and reaching 17.23% in 2023-24. The bank saw consistent improvements in the early years, peaking at 18.42% in 2021-22. The slight decline afterward may suggest a strategic increase in credit growth or investment in higher-risk assets. Overall, the data shows that IndusInd Bank is comfortably capitalized and capable of absorbing potential risks while continuing its credit operations. Its conservative yet growth-oriented approach is reflected in the balance between maintaining a high CAR and gradually increasing lending activity.

Kotak Mahindra Bank consistently leads the pack in terms of Capital Adequacy Ratio. Starting at 17.89% in 2019-20, it reached an impressive 22.69% in 2021-22, showing a strong buffer against potential losses. Even though there has been a gradual decline to 20.55% in 2023-24, this level remains significantly above the regulatory requirement and well ahead of peers. The high CAR demonstrates Kotak's conservative and capital-rich strategy, which allows the bank greater flexibility in responding to market risks, regulatory changes, or future expansion. It suggests a preference for financial stability over aggressive risk-taking.

In comparative terms, Kotak Mahindra Bank stands out with the highest CAR throughout the period, reflecting a highly conservative capital strategy. HDFC Bank and IndusInd Bank follow closely with consistently strong capital ratios, showing a balanced approach to risk and growth. ICICI Bank, while generally strong, shows a recent decline in CAR, indicating a possible shift toward aggressive growth. IDFC First Bank, despite starting from a lower base, shows the most notable improvement in CAR over the years, suggesting a positive transition toward enhanced financial health.

| **Anova: Single Factor** | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| **SUMMARY** | | | | | | |
| Groups | Count | Sum | Average | Variance | | |
| HDFC Bank | 5 | 94.270 | 18.854 | 0.071 | | |
| ICICI Bank | 5 | 89.060 | 17.812 | 2.225 | | |
| IDFC First Bank | 5 | 76.820 | 15.364 | 2.762 | | |
| Indusind Bank | 5 | 85.930 | 17.186 | 1.655 | | |
| Kotak Mahindra Bank | 5 | 105.190 | 21.038 | 3.738 | | |
| | | | | | | |
| ANOVA | | | | | | |

| Source of Variation | SS | df | MS | F | P-value | F crit |
|---|---|---|---|---|---|---|
| Between Groups | 87. 961464 | 4 | 21. 990366 | 10. 52036726 | 9. 37E-05 | 2. 866081 |
| Within Groups | 41. 80532 | 20 | 3. 090266 | | | |
| Total | 129. 766784 | 24 | | | | |

H0 = There is no significant difference in Capital Adequacy Ratio between selected private sector banks of India.
H1 = There is significant difference in Capital Adequacy Ratio between selected private sector banks of India.

**Interpretation**
From above table for 4 and 20 degree of freedom
Fcal is 10.520 and Ftab is 2.866
P-value is 9.37E-05
Thus, Fcal>Ftab and p-value is smaller than specified α of 0.05

So, null hypothesis is rejected and it is concluded that there is significant difference in Capital Adequacy Ratio between selected private sector banks of India.

**7. CONCLUSION**

The analysis of the two critical financial ratios—Advances to Total Assets Ratio and Capital Adequacy Ratio—offers valuable insights into the operational efficiency and capital strength of selected private sector banks in India, namely HDFC Bank, ICICI Bank, IDFC First Bank, IndusInd Bank, and Kotak Mahindra Bank, for the period from 2019-20 to 2023-24.

When examining the Advances to Total Assets Ratio, it becomes evident that all five banks have maintained this ratio within a relatively narrow range over the years. The ratio for each bank has hovered around 60% to 69%, with only marginal year-on-year fluctuations. For instance, HDFC Bank consistently maintained a high advances ratio above 64%, while ICICI Bank, IDFC First Bank, and IndusInd Bank demonstrated gradual increases, reflecting growing credit activity. Kotak Mahindra Bank showed a slight decline in recent years, yet it remained competitive with the others. The data supports the finding that there is no statistically significant difference in the Advances to Total Assets Ratio among these banks. This suggests that, despite their differing scales and strategies, the selected banks are largely similar in their lending efficiency relative to their total assets, indicating a consistent approach across the sector when it comes to the allocation of assets toward credit growth.

In contrast, the Capital Adequacy Ratio reveals notable differences among the banks. The variations are more pronounced, with Kotak Mahindra Bank consistently maintaining the highest CAR, exceeding 20% in most years and even surpassing 22% in 2021-22. Meanwhile, IDFC First Bank, although improving, started from a much lower base, gradually increasing from around 13% to just over 16%. ICICI Bank's CAR declined in recent years after peaking in 2021-22, while HDFC and IndusInd banks maintained relatively stable and moderately high ratios. These differences are substantial enough to reflect the individual risk profiles, growth strategies, and capital management approaches of each bank. Hence, the conclusion that there is a statistically significant difference in the Capital Adequacy Ratio among these banks is well supported by the data. It indicates that while some banks prioritize maintaining a high capital buffer, others may adopt a more aggressive growth strategy by keeping their CAR closer to the regulatory minimum.

In summary, the comparative assessment shows that although the banks are aligned in terms of their asset utilization for lending—reflected in the consistent Advances to Total Assets Ratio—they differ significantly in terms of their capital strength and risk management practices, as indicated by the Capital Adequacy Ratio. These findings highlight the need for stakeholders to not only consider lending efficiency but also to closely monitor the capital buffer maintained by banks, especially in a dynamic economic environment where resilience and regulatory compliance are key to sustainable performance.

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